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MEMORANDUM FOR THE DIRECTOR

SUBJECT: Consequences of a Communist Take-Over in Laos

1. There is deep awareness among the countries of Southeast Asia that developments in the Laotian crisis, and its outcome, will have a profound impact on their future. The governments of the area tend to regard the Laotian crisis as a test of intentions, wills, and strengths between the major powers of the West and the Communist Bloc. In one way or another they all regard the US as responsible in large degree for the present state of affairs in Laos.

2. Most of the non-Communist countries of the world have little knowledge of Laos or interest in it except as an area of obvious conflict in the Cold War. The loss of Laos would be taken as an obvious proof that US policy and US activities on behalf of the Phoumi-Boun Oum group has been a failure. This failure would particularly impress those countries which have accepted US tutelage and support. The

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fact that such an event might occur while the US was trying to obtain a ceasefire would be regarded more as a proof of US weakness than of Communist duplicity.

3. The loss of Laos to the Communists would make much more difficult Western efforts to starch up local resistance in Thailand and South Vietnam. It would create serious internal security problems for Thailand, particularly in the northeast provinces where political unrest and potential dissidence has long existed. Although Prime Minister Sarit would probably seek to hold to Thailand's present international orientation, Thai opinion would almost certainly incline toward neutralism and accommodation to Communist power in Southeast Asia.

4. A Communist-controlled Laos would vitally threaten South Vietnam's independence: it would greatly extend the Communist frontiers with South Vietnam; it would enable the Communists to bring significantly greater Communist military power to bear on the crucial Saigon defense complex; and it would facilitate Communist infiltration and subversion which has already reached very serious proportions. Although we

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do not believe that South Vietnam would seek accommodation with the Communist Bloc or a neutralist course, the confusion, tensions, and fears in South Vietnam which would follow a Communist take-over in Laos would almost certainly adversely affect South Vietnam's efforts to cope with its political and internal security problems. Dissatisfaction within the South Vietnamese Army with President Diem's leadership would probably grow and the prospects for a military coup in Saigon would increase.

5. The neutralist countries of Asia (Burma, Cambodia, India, Indonesia) appreciate in a general way that a continuing strong US posture in the area is a check on Chinese Communist expansionist aspirations and enables them to maintain a flexible neutral position. Consequently they would be particularly alarmed if Laos were to be lost to the Communists under conditions which indicated that the US position in the area had been seriously weakened. However, they probably would not seek security by drawing together for mutual defense, or by entering into closer defense relations with the US. Rather, they would probably seek to cling to neutralism but be more amenable to Bloc pressures and demands.

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6. These general reactions to a Communist take-over in Laos would be modified both by the circumstances of the fall of Laos and the attitudes and actions of the US in response to the situation. If the US had intervened in Laos, with airpower or ground forces, but not to a point sufficient to prevent the loss of Laos, the adverse effects for the US would be far greater than in the situation discussed above.

7. On the other hand, if the US had not intervened, the countries of Southeast Asia would be uncertain regarding US will and capability to stem further Communist aggression in the area. They would feel more keenly than before a strong temptation to take a neutral position between the two power blocs, even though they recognized that the US is the only country with sufficient power to oppose the Communist Bloc in the area. Nonetheless they would welcome demonstrations of US firmness and would probably modify their appraisal of their own future in response to them.

8. If a Communist take-over of Laos were to occur at some future date, after an international conference and the establishment of an ostensibly neutralist government, the adverse impact described above would be less.

FOR THE BOARD OF NATIONAL ESTIMATES:

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